Lorillard Corp - Advertising - 1986

Loews Corp. 54

New York

Worldwide	1985	1984	% chg
Sales	4,770	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]
U.S. advertising	[illegible]	[illegible]	(17.1)
Division sales	1985	1984	% chg
Cigarettes	1,[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Life insurance	1,[illegible]	1,[illegible]	[illegible]
Property, cas. ins.	2,[illegible]	[illegible]	[illegible]
Theaters	[illegible]	[illegible]	[illegible]

Loews Corp. sold its most unprofitable business—movie theaters—and slashed spending in measured media advertising for its cigaret brands as it set on growth and big returns to come from Lorillard, its cigaret unit, and the second most advertised division, CNA Financial Corp.

Lorillard, after dropping 4% in sales in 1984 from 1983, returned to positive growth in 1985. The cigaret division has been a steady money maker, however. Its net income increased 13.2% to $137.1 million in 1985 following a 13% increase the previous year.

Lorillard, in the seven media monitored by Leading National Advertisers, cut measured media advertising 17.3% on its cigaret brands in 1985 and saw its share of the total cigaret market decline slightly from 8.2% to 8.1%. The company credits the decline largely to the increase in sales of generic and price/value cigarets, markets in which Lorillard has no entries.

Among full-priced cigarets, Lorillard increased its market share from 8.4% to 8.8%. Lorillard contributes 22.4% of Loews' total revenue.

Newport, Lorillard's leading brand, moved into the top 10 domestic sellers of all cigarets in 1985, edging out Lorillard's former flagship brand, Kent, for the first time. Newport's market share for 1985 was 3.4%, an 11.8% increase over 1984. Newport and Philip Morris' Marlboro were the only brands to post increases among the top 10 in 1985.

Loews spent more to advertise Newport—$31.9 million for the brand line—than on any of its other brands or noncigaret products. Loews has been stressing the Newport franchise the past few years. It spent $18.9 million, for example, on the line in 1984, up 29% from 1983, according to LNA. Newport menthols were backed with about $22.5 million in measured advertising—more than half of that in outdoor advertising.

Lorillard rolled out a new brand, True Gold, in 1985, in three low-tar, nonmenthol offerings. Dancer Fitzgerald Sample, New York, agency for the other True products, is handling the new cigarets. The company spent more than $6 million to advertise the new brand out of a total expenditure of $11 million for the True line. Spending on the line has been declining steadily the past three years. True measured media in 1985 was 10% off the 1984 level, which was 15.7% less than in 1983.

Kent spending hit $14.8 million in measured media, up from $14.6 million in 1984, but still far below $21.5 million in 1983. Kent added a Golden Lights 100's package in 1985. As a result of Kent's declining sales, Lorillard underwent an agency review for the Kent family in 1985, choosing BBDO, New York, to replace Foote, Cone & Belding, New York.

Loews' financial arm, CNA Financial Corp., which made up 71% of Loews' revenue and 48% of its net income in 1985, recorded a 41.9% increase in revenue in the property-casualty division. That increase came on the heels of a 17% rise recorded in 1984. Net income in the unit soared 219% to $228.5 million. The life insurance sector of the CNA business, however, experienced a 25% decline in net income to $43.3 million.

The company attributes its growth in the insurance business to the dramatic turnaround in the property and casualty marketplace—one beset by soaring premiums because of large settlements, the increased frequency of claims and the cost of litigation. CNA reserved nearly $4 million in measured media advertising in 1985, about the same as in 1984.

Bulova Watch Co. posted net income of $16.7 million, up from $3.1 million in 1984 and a loss in 1983. Bulova introduced Ultima, a line of 14-karat gold and full-cut diamond watches, in 1985 and expanded its collection of other diamond watches. Bulova spent $608,000 on measured advertising last year, mostly in magazines. This represents a substantial decrease over the previous two years.

Loews had an aftertax gain of $50.8 million from the sale of its motion picture theater business in July, 1985. That accounted for 13.7% of total net income. The 226-screen group with operations in six states was sold to a group headed by A. Jerrold Perenchio, producer and former co-owner of Embassy Communications.

In other developments, Loews increased its holdings in CBS Inc. from 11% to 24.9%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	[illegible]	[illegible]
Newspaper	[illegible]	[illegible]
Newsp. supp.	[illegible]	[illegible]
Bus. pubs.	[illegible]	[illegible]
Spot tv	[illegible]	[illegible]
Spot radio	[illegible]	[illegible]
Outdoor	[illegible]	[illegible]
Network radio	[illegible]	[illegible]
Total measured	[illegible]	[illegible]
Unmeasured	[illegible]	[illegible]
Total	[illegible]	[illegible]

LOEWS CORP.
666 Fifth Ave.
New York, N.Y. 10103
(212) 841-[illegible]
LORILLARD DIV

Corporate Personnel

J.R. Ave, president-ceo

Marketing Personnel

R.M. Orcutt, sr vp-sales
T.H. Mau, sr vp-adv & brand mgmt
S.R. Ridgway, vp-[illegible]
J.P. Mastandrea, vp-sales
L. Gordon, vp-trade devel
G.R. Telford, group brand dir
E.M. Kersten, group brand dir
J.E. Daghlian, group brand dir
W. Sands, media dir
F.A. Lowden, sales promo dir
S.T. Jones, mktg rsch dir
S.D. Norman, sr brand mgr
A. Pasinski, sr brand mgr
K.P. Curran, brand mgr
M.A. Kapitan, brand mgr
V.D. Lindsley, brand mgr
C.D. Rae, brand mgr
J.A. Gambino, asst brand mgr
M. Liebow, asst brand mgr

Advertising Agencies

BBDO, New York—Kent Family (Kent, Kent III, Kent Golden Lights); new products—Jim Rausch, vp-sr mgmt sup; Ken Angel, sr vp-mgmt super; William "Bud" Sawyer, vp-acct super.

Dancer Fitzgerald Sample/Dorland, New York—True, Triumph, Beech-Nut chewing tobacco, new products—Tom Bahan, mgmt dir; Mike Jeary, mgmt super.

MCA Advertising, New York—Newport, new products—Warren Dechter, exec vp. Ed [illegible], sr vp.

LOEWS HOTELS

Corporate Personnel

Robert Hausman, chmn-ceo
Jonathan Tisch, president
William Mailbach, exec vp-domestic operations

Marketing Personnel

Philippe Bond, vp-mktg
Marcus Samson, dir-adv & sales promo
Michelle Oblen, dir-pr

Advertising Agencies

Ades & Zamolla, Palo Alto, Cal.—Ed Zamolla, partner.

Cavalieri & Kleier, New York—Ian Kleier, acct mgr.

Warren/Kremer Advertising, New York—Christine Marion, acct mgr.

CNA INSURANCE COS.
Chicago, Ill.

Corporate Personnel

Edward J. Noha, chmn-ceo

Marketing Personnel

Philip L. Engel, vp-mktg
Judith G. Peterson, asst vp, life/health/pension distribution, field operations
Susan M. Hague, sr mgr-corp communications

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